

ORDER NO. 2788

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton;  
Ruth Y. Goldway; and  
Nanci E. Langley

Removing Global Direct Contracts from  
the Competitive Product List

Docket No. MC2016-7

ORDER APPROVING REMOVAL OF GLOBAL DIRECT CONTRACTS FROM THE  
COMPETITIVE PRODUCT LIST

(Issued October 28, 2015)

I. INTRODUCTION

The Postal Service seeks to remove Global Direct Contracts from the competitive product list.<sup>1</sup> For the reasons discussed below, the Commission approves the Request.

On October 16, 2015, pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*, the Postal Service filed this Request, along with supporting documents. In the Request, the Postal Service states that due to the absence of customer demand, it is requesting that Global Direct Contracts be removed from the competitive product list.

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<sup>1</sup> Request of the United States Postal Service to Remove Global Direct Contracts from the Competitive Product List, October 16, 2015 (Request).

Request at 1. It asserts that removal of Global Direct Contracts is an attempt to align its service offerings with current customer needs and preferences. *Id.* at 2.

On October 19, 2015, the Commission issued an order establishing the present docket, appointing a Public Representative, and providing interested persons with an opportunity to comment.<sup>2</sup>

## II. COMMENTS

The Public Representative filed comments on October 27, 2015.<sup>3</sup> No other interested person submitted comments. After reviewing the Request and accompanying attachments, including the Statement of Supporting Justification, the Public Representative concludes that the Request satisfies all applicable statutory and regulatory criteria in 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.* PR Comments at 3. Therefore, the Public Representative does not object to the removal of Global Direct Contracts from the competitive product list.

## III. COMMISSION ANALYSIS

The Commission has reviewed the Request, the supporting data filed under seal, and the Public Representative's comments.

The Postal Service filed the instant request pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*, which applies whenever the Postal Service proposes to add, transfer, or remove a product from the competitive product list. These regulations require that the Postal Service file notice with the Commission setting out its basis for determining that a product is properly classified as competitive and that the product satisfies the standards of section 3633. See 39 U.S.C. § 3642(d); 39 C.F.R. § 3020.30.

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<sup>2</sup> Order No. 2766, Notice and Order Concerning Removal of Global Direct Contracts from the Competitive Product List, October 19, 2015.

<sup>3</sup> Public Representative Comments on Postal Service Request to Remove Global Direct Contracts from the Competitive Product List, October 27, 2015 (PR Comments). The Public Representative also filed a motion for late acceptance of his comments. Motion of Public Representative for Late Acceptance of Comments, October 27, 2015 (Motion). The Motion is granted.

In determining whether a product is properly classified as competitive, the Commission must consider the availability and nature of private sector enterprises engaged in delivering the product, the views of those who use the product, and the likely impact on small business concerns. 39 U.S.C. § 3642(b)(3).

The Postal Service asserts that although it has no specific views from customers about the proposed removal, the fact that customers are not availing themselves of this product suggests that market interest among customers is low to non-existent.

Request, Attachment C at 3. For the same reason, the Postal Service states that removal will have no impact on small business concerns as no Global Direct Contracts have been signed since 2012 and none have been effective since January 2013. *Id.*

*Cost considerations.* The Postal Service must also show that competitive products will continue to cover their attributable costs, contribute to the Postal Service's institutional costs, and not cause market dominant products to subsidize competitive products. 39 U.S.C. § 3633(a) and 39 C.F.R. § 3020.52(c).

The Postal Service has submitted a certified statement, along with supporting revenue and cost data. The Postal Service asserts that because it seeks to remove Global Direct Contracts from the competitive product list, there will be no subsidization of competitive products by market dominant products. Request, Attachment C at 2. The Public Representative agrees that the removal of Global Direct Contracts does not violate the standards of 39 U.S.C. § 3633(a). PR Comments at 3. The Commission finds that removal of Global Direct Contracts complies with the provisions applicable to rates for competitive products.

*Other considerations.* The Commission finds that the Postal Service has adequately justified the removal of Global Direct Contracts from the competitive product list pursuant to the requirements set forth in 39 C.F.R. § 3020.52(c).

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. Global Direct Contracts is removed from the Mail Classification Schedule product description for Competitive Products.
2. The revision to the Mail Classification Schedule appears below the signature of this Order.

By the Commission.

Stacy L. Ruble  
Secretary

## CHANGE IN PRODUCT LIST

The following material represents changes to the product list codified in Appendix A to 39 C.F.R. part 3020, subpart A—Mail Classification Schedule. These changes reflect the Commission's order in Docket No. MC2016-7. The Commission uses two main conventions when making changes to the product list. New text is underlined. Deleted text is struck through.

### **Part B—Competitive Products** **2000 Competitive Product List**

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#### **Negotiated Service Agreements\***

Outbound International\*

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~~Global Direct Contracts~~

~~Global Direct Contracts 1~~

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## CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

### **Part B—Competitive Products** **2000 Competitive Product List**

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#### **Negotiated Service Agreements\***

Outbound International\*

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~~Global Direct Contracts~~

~~Global Direct Contracts 1~~

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#### **2500 Negotiated Service Agreements**

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#### **2510 Outbound International**

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#### **2510.2 Negotiated Service Agreement Groups**

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- ~~Global Direct Contracts (2510.4)~~

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#### **~~2510.4 Global Direct Contracts~~**

#### **~~2510.4.1 Description~~**

- ~~a. Global Direct Contracts provide for mail accepted within the United States and transportation to a receiving country of mail pieces bearing the image of appropriate foreign post indicia. The Postal Service pays the appropriate settlement charges for this mail.~~
- ~~b. The preparation requirements are the preparation requirements for the given product set by the receiving country.~~
- ~~c. All items must bear the postal imprint of the receiving country and a return address in the receiving country.~~
- ~~d. A mailer must be capable, on an annualized basis, of either tendering at least 5,000 pieces of international mail to the Postal Service or paying at least \$100,000.00 in international postage to the Postal Service.~~

~~e. The contract must cover its attributable costs.~~

~~f. Global Direct mail (except M-Bags) is sealed against inspection and shall not be opened except as authorized by law.~~

#### ~~2510.4.2 Size and Weight Limitations~~

~~Size and weight requirements are the requirements for the given product set by the receiving country.~~

#### ~~2510.4.3 Minimum Volume or Revenue Requirements~~

~~Mailers must commit to tender varying minimum volumes or postage on an annualized basis. The mailer may be required to meet minimum volume or weight requirements as specified by the Postal Service.~~

#### ~~2510.4.4 Price Categories~~

~~The following price categories are available for the product specified in this section:~~

- ~~• Prices are dependent upon a volume or postage commitment on the part of the customer and basically cover mail acceptance within the United States, transportation from the United States to the receiving country and the appropriate postage in the receiving country.~~

#### ~~2510.4.5 Optional Features~~

~~The following additional postal services may be available in conjunction with the product specified in this section:~~

- ~~• All optional features applicable to the product as set by the receiving country.~~

#### ~~2510.4.6 Products Included in Group (Agreements)~~

~~Each product is followed by a list of agreements included within that product.~~

- ~~• Global Direct Contracts 1  
Baseline Reference  
Docket Nos. MC2010-17 and CP2010-18  
PRC Order No. 386, January 11, 2010  
Included Agreements~~